

OWENS COMMUNITY COLLEGE
BOARD OF TRUSTEES
FINANCE COMMITTEE MEETING
September 26, 2017

A meeting of the Finance Committee was held in the President's Office conference room, Administration Hall, on the Owens Community College Toledo Campus.

Call to Order – Rich Rowe called the meeting to order at 3:03 p.m., and directed the record to show the meeting of the Finance Committee was held in accordance with the Ohio Revised Code and the policies of the Board of Trustees.

Roll Call – Roll Call was taken, and the following committee members were present: Jason Johnson, Ed Nagle and Rich Rowe (3). Board Chair Dee Talmage was also in attendance.

Approval of Minutes – The minutes of the November 17, 2016 meeting were sent in advance and hearing no corrections, Mr. Rowe declared the minutes approved.

Non-General Fee Proposal – Mr. Ganues commented on a proposal of non-general fees for the Finance Committee's review and comments. He also commented on making a request to the Chancellor's Office for compliance review.

Career Services – The State of Ohio Budget for Fiscal Years 2018-2019 provided an allowance for public colleges and universities to adopt a fee to cover career services and support to students. Mr. Ganues provided a budget analysis of a proposed new \$6.00 per credit hour, non-general fee for credit, degree/certificate-seeking students. It would not apply to guest/transient students, College Credit Plus students or union/apprenticeship students. He commented that state-wide institutions have approved or are in the process of proposing a career services fee in the range of \$5.00 to \$7.00 per credit hour. Mr. Ganues reviewed positions, materials/supplies, software, professional development budget line items that the proposed fee would cover for career services and support to students for a partial fiscal year 2018 and a full fiscal year 2019.

Mr. Nagle commented on the range of \$7.00 per credit hour, which Mr. Ganues commented on guidance that the fee should not fully subsidize the students' career services costs but the fee should be in line with the costs. Dr. Robinson commented on maintaining a healthy balance of the mid-range and offsetting existing career services costs in the budget, and being able to free up Perkins Grant funds from career services to other professional development needs. Mr. Johnson questioned if there would be a risk to enrollment, which Dr. Robinson commented on pricing elasticity, other community colleges and students' price shopping in a geographical location. Dr. Robinson also commented on the original multi-phased strategy of non-general fee increases and the effort of balancing between too low or too high. Mr. Nagle commented on the value of Owens Community College.

Technology Fees – Mr. Ganues commented on the third and final phase of the increase to technology fees to cover students' costs for technology and technology support. Mr. Ganues provided a summary and detail of the proposed technology fees, which was based on enrollment, \$3.00 increase per credit hour. (*Computer Usage Fee from \$6.00 to \$7.00 cr hr; Academic Tech from \$9.00 to \$10.00 cr hr; Administrative Tech from \$19.00 to \$20.00.*)

Mr. Ganues commented on IT hardware issues, and the additional revenue will be used to address storage arrays, physical server infrastructure and increased security. Mr. Nagle asked about IT capital needs in the next three years, which Mr. Ganues commented on requesting an IT capital plan for the next three to five years. He also commented on planning for IT improvements with state capital funds and local funds. Mr. Johnson asked how might technology bring down other costs, which Mr. Ganues commented on investing in virtual desktop infrastructure, which will significantly bring down the cost per computer unit with concurrent users. Denise Smith, Interim Provost/Vice President, Academic Affairs, commented on the positive impact of providing more courses through better technology on the Findlay Campus. Mr. Ganues commented on running analytics of the computer labs at 75 percent and with virtual desktop infrastructure, more efficiencies will be provided. Mr. Johnson commented on adding in those investments in equipment into the projected budget.

Student Engagement/Activities Fee – Mr. Ganues provided a summary and detail of the proposed student engagement/activities fee increase of .50 per credit hour, (from \$4.50 to \$5.00), which includes the fitness center, student activities, student government, student life, student mental health services, student newspaper. The revenue will be able to free up Perkins Grant funds from student activities support. Ms. Smith commented on the model of utilizing Perkins Grant funds prior to institutionalizing student support services.

Career Advantage Fee Allowance – Mr. Ganues commented that there is no fee being proposed under the Career Advantage Fee Allowance from the Ohio Department of Higher Education due to the limit, as a first semester fee and the assessment that it would involve for state reporting.

Tuition Increase Cap – Mr. Ganues commented that the tuition increase cap allowable for Fiscal Year 2019 is \$10 per credit hour. He commented that language will be included in the recommendation to assist with developing the Fiscal Year 2019 budget. Dr. Robinson commented that there was no opportunity for a tuition increase cap in Fiscal Year 2018. Mr. Ganues commented that the state share of instruction (SSI) will be re-evaluated in January; the tuition revenue will be needed to make up for any loss from SSI.

REPORT OF THE TREASURER

Monthly Financial Statements – Mr. Ganues commented on financial statements for the period ending August 31, 2017. He commented on the August projected year-end net gain, \$3.2 million, which exceeded the budgeted projected net gain, \$1.8 million, due to summer and fall end of term tuition and fees exceeding budget projections due to enrollment exceeding budgeted targets and the process change of the administrative drop for non-payment of tuition that went into effect for Fall Semester 2017. He commented that August 2017 is ahead of August 2016 due to timing issues from last year's audit.

On the Financial Walkthrough, Mr. Ganues reviewed the variances between the budget and projected totals for Fiscal Year 2018, which included SSI funding, summer enrollment, the administrative drop for non-payment of tuition adjustment and capital expenses. Amy Giordano, Vice President, Enrollment Management and Student Services, commented on a target enrollment for guest/transient students in summer and the challenge of quantifying how enrollment was higher than projected. Ms. Smith commented on the 6-week + 6-week summer term added to work with Bowling Green State University students in math and science. Ms. Giordano also commented on the increase of international students taking summer classes due to the decrease in the international tuition rate that was previously approved by the Board of Trustees. Mr. Ganues commented that the fall semester enrollment projections are on target. He commented that the lab/course fees were

reviewed in the spring, which were either increased or new for Fiscal Year 2018. Mr. Ganues commented on the dashboard enrollment projections (pages 3-4 of the report), which highlighted summer enrollment and fall tuition revenue based on a product mix of international and out of state students. Mr. Ganues commented on developing a projected position vacancy report for Fiscal Year 2019. Mr. Ganues commented on the 2.6 percent project margin on the Fiscal Year 2018 financial walkthrough, which Mr. Johnson asked about the split between summer enrollment and the rule change for the administrative drop for non-payment of tuition, which Mr. Ganues replied about 50-50.

Mr. Ganues commented that the Finance Committee may want to consider in the future, an adjustment in the reserve requirements in the Financial Standards Policy.

Mr. Ganues reviewed the investments (page 12 of the report) and noted that a transfer was made of \$4 million from the general operating to STAR Ohio. He noted that Business Affairs is working with Fifth Third Bank on certificate of deposit rates. He also commented on the impact of \$7 million to cash, due to the Tracy Road property sale in Fiscal Year 2017.

Mr. Ganues commented on the projected SB 6 ratio of 3.8 for Fiscal Year 2018. Mr. Nagle commented on the five-year projection for the SB 6 ratio.

Mr. Ganues commented positively on the Statement of Net Position.

Mr. Ganues commented that the cash/investment reconciliation is available for the Trustees to review.

ORC 3358.06 Performance Bond or Insurance Coverage Discussion – Mr. Ganues relayed that he reviewed the ORC 3358.06 requirement with Hylant Insurance, and he shared that a bond is not insurance but it is a promise to pay on who is bonded. The College has Employee Dishonesty insurance coverage of \$3 million/\$10,000 deductible, which includes embezzlement. Mr. Nagle asked about potential exposure based on insurance coverage of \$3 million. Mr. Rowe commented that this agenda item will be brought back to the next meeting for more research on insurance coverage as provided with Hylant Insurance. Mr. Nagle asked for pricing for insurance coverage of \$1 million, \$2 million and \$3 million. Mr. Nagle also commented on the accounting controls that have been put in place, and Mr. Ganues commented on the banking controls and redundancy.

Policy Review – Mr. Ganues facilitated the review of proposed changes to the Purchasing Policy and the annual review of the Investment Policy, as follows.

11-4-12 Purchasing Policy - Proposed Revisions – Mr. Ganues summarized the proposed revisions to encumber travel and membership dues and to use the purchase card for computer equipment to take advantage of the rebates and for an allowable exception for cultivation (Vice President/President level).

Mr. Johnson made a motion to forward the policy amendment recommendation to the Board of Trustees, November 8, 2017 regular meeting, which was seconded by Mr. Nagle. Following a voice vote, the motion was adopted.

11-4-25 Investment Policy – Annual Review – Mr. Ganues commented that there were no proposed changes to the Investment Policy. The Board Secretary commented that the annual review by the Finance Committee was completed with this meeting.

Other – Mr. Ganues made final comments that the Fiscal Year 2017 year-end audit report is being finalized for timely submission to the State Auditor’s Office, due by October 15, 2017.

Adjournment – As there was no further business, the meeting was adjourned.

ATTEST

Patricia M. Jezak

Secretary to the Board of Trustees

Approved 12-4-17